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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Fifth Committee (A/53/736)]

53/210. United Nations pension system

The General Assembly,

Recalling its resolutions 49/224 of 23 December 1994 and 51/217 of 18 December 1996, and section V of its resolution 52/222 of 22 December 1997,

Having considered the reports of the United Nations Joint Staff Pension Board for 1998 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund,¹ the report of the Secretary-General on the investments of the Fund,² the report of the Secretary-General on the administrative and financial implications for the United Nations programme budget for the biennium 1998–1999 arising from the report of the Board³ and the related reports of the Advisory Committee on Administrative and Budgetary Questions,⁴

¹ *Official Records of the General Assembly, Fifty-third Session, Supplement No. 9 and addendum (A/53/9 and Add.1).*

² A/C.5/53/18.

³ A/C.5/53/3.

⁴ A/53/511 and A/53/696.

Expressing concern that the Board departed on several occasions from its long-established practice of reaching decisions by consensus,

I

ACTUARIAL MATTERS

Recalling section I of its resolution 51/217,

Having considered the results of the valuation of the United Nations Joint Staff Pension Fund as at 31 December 1997 and the observations thereon of the Consulting Actuary of the Fund, the Committee of Actuaries and the United Nations Joint Staff Pension Board,⁵

1. *Takes note with satisfaction* of the improvement in the actuarial situation of the United Nations Joint Staff Pension Fund, from an actuarial deficit of 1.46 per cent of pensionable remuneration as at 31 December 1995 to an actuarial surplus of 0.36 per cent of pensionable remuneration as at 31 December 1997, and, in particular, of the opinion provided by the Consulting Actuary and the Committee of Actuaries, as reproduced in annexes IV and V, respectively, to the report of the United Nations Joint Staff Pension Board,⁶ that there was no requirement, as at 31 December 1997, for deficiency payments under article 26 of the Regulations of the Fund and that the current contribution rate of 23.7 per cent of pensionable remuneration could be maintained for funding purposes, pending a review at the time of the next valuation, as at 31 December 1999, and in the light of future developments;

2. *Expresses its appreciation* for the assessment and views of the Consulting Actuary and the Committee of Actuaries on the results of the actuarial valuation as at 31 December 1997;

3. *Takes note* of the review by the Board of the interest rate used to determine lump-sum commutations, and of the decision taken by the Board, under article 11 of the Regulations of the Fund, to change the current 6.5 per cent interest rate to 6 per cent, with respect to contributory service performed as from 1 January 2001, subject to a favourable actuarial valuation as at 31 December 1999, to be confirmed by the Board at its next session in 2000;

4. *Notes* that the Board intends to review, with the assistance of the Consulting Actuary and the Committee of Actuaries, the changes that have been made in the United Nations pension system since 1983 as part of the measures approved by the General Assembly to redress the past actuarial deficit of the Fund, in the first instance in the Standing Committee of the Board in 1999, and then in the Board in 2000 in the light of the results of the actuarial valuation of the Fund as at 31 December 1999;

5. *Concurs* with the Advisory Committee on Administrative and Budgetary Questions that the Board should continue to monitor closely the evolution of the actuarial valuation of the Fund and that no attempt should be made to reduce the present rate of contributions to the Fund or change any other features unless and until a pattern of surpluses emerges in future valuations;

⁵ *Official Records of the General Assembly, Fifty-third Session, Supplement No. 9 (A/53/9), sect. III.A.*

⁶ *Ibid.*, Supplement No. 9 (A/53/9).

6. *Requests* the Board, should there be a positive trend towards actuarial surpluses in future valuations, to consider favourably a reduction in the present contribution rate;

II

PENSION ADJUSTMENT SYSTEM

Recalling section III of its resolution 51/217,

Having considered the reviews carried out by the United Nations Joint Staff Pension Board, as set out in paragraphs 318 to 341 of its report,⁶ of various aspects of the pension adjustment system,

1. *Notes* the results of the monitoring of the costs/savings of recent modifications of the two-track feature of the pension adjustment system and the intention of the United Nations Joint Staff Pension Board to continue to monitor those costs/savings every two years, on the occasion of the actuarial valuations of the Fund;

2. *Takes note* of the decision of the Board to recommend to the General Assembly that the threshold for implementing cost-of-living adjustments of pensions in award be reduced from 3 per cent to 2 per cent, with effect from the adjustment due on 1 April 2001, subject to a favourable actuarial valuation as at 31 December 1999, to be confirmed by the Board at its session in 2000;

III

STATUS OF THE PROPOSED AGREEMENT BETWEEN THE UNITED NATIONS JOINT STAFF PENSION BOARD AND THE GOVERNMENT OF THE RUSSIAN FEDERATION

Noting that the General Assembly had requested the United Nations Joint Staff Pension Board to provide information at its fifty-third session on developments in respect of the further steps envisaged under paragraph 5 of section IV of its resolution 51/217,

Noting also that the Board has requested its Chairman and Secretary to intensify their efforts to gain the formal approval by the Government concerned of the proposed agreement and protocol thereto, as set out in paragraph 278 of the report of the Board,⁶

1. *Takes note* of the information provided by the Russian Federation concerning the problems that have arisen with regard to the implementation of the proposed agreement between the Government of the Russian Federation and the United Nations Joint Staff Pension Board, and notes the intention of the Government of the Russian Federation to pursue all of the outstanding issues;

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2. *Encourages* all parties concerned to continue their efforts to resolve the problems addressed in section IV of its resolution 51/217, in particular those within the framework of the proposed agreement and protocol thereto;

IV

FINANCIAL STATEMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND AND REPORT OF THE BOARD OF AUDITORS

Having considered the financial statements of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 1997, the audit opinion and report of the Board of Auditors thereon and the observations of the United Nations Joint Staff Pension Board,⁶

1. *Notes with satisfaction* that the report of the Board of Auditors on the accounts of the United Nations Joint Staff Pension Fund for the biennium ended 31 December 1997 indicated that the financial statements presented fairly, in all respects, the financial position of the Fund and that the transactions tested as part of the audit were, in all significant respects, in accordance with the Financial Regulations and Rules of the United Nations and legislative authority;

2. *Takes note* of the information provided in the reports of the United Nations Joint Staff Pension Board and the Board of Auditors⁶ on the measures taken and under consideration to improve the administration of the Fund, including, in particular, measures to improve the procedures for verifying continuing eligibility for benefits from the Fund;

3. *Notes* the arrangements made for the Office of Internal Oversight Services of the Secretariat to continue to carry out the internal audits of the Fund;

V

ADMINISTRATIVE ARRANGEMENTS BETWEEN THE UNITED NATIONS JOINT STAFF PENSION FUND AND THE UNITED NATIONS AND WITH THE OTHER MEMBER ORGANIZATIONS

Recalling section VII of its resolution 51/217 and section V of its resolution 52/222 concerning the administrative expenses of the United Nations Joint Staff Pension Fund,

Having considered section VI of the report of the United Nations Joint Staff Pension Board,⁶ on the administrative arrangements between the Fund and the United Nations and with the other member organizations, and the comments thereon of the Advisory Committee on Administrative and Budgetary Questions,⁷

⁷ A/53/511.

Noting the current cost-sharing arrangements between the Fund and the United Nations and with the other member organizations, as set out in paragraphs 120 to 124 of the report of the Board,⁶

Taking note of the discussions in the Board and its conclusions on the administrative arrangements and on the proposed revised estimates for the administrative expenses of the Fund for the biennium 1998–1999, as set out in paragraphs 194 to 202 and paragraphs 228 to 244, respectively, of the report of the Board,⁶

1. *Takes note of* the information, set out in paragraphs 132 to 144 of the report of the United Nations Joint Staff Pension Board,⁶ on the services and facilities provided by the United Nations to the United Nations Joint Staff Pension Fund and the local pension services provided by the secretariat of the Fund in respect of participants employed by the United Nations and its affiliated programmes, as well as the information on the services and facilities provided by the other member organizations in respect of participants employed by them;

2. *Approves* the revised cost-sharing arrangements between the United Nations and the Fund, as set out in paragraphs 154 to 166 of the report of the Board;⁶

3. *Requests* the Secretary-General to complete his consultations with the funds and programmes on the methodology for apportioning charges to the affiliated programmes for services rendered to the Fund on their behalf;

4. *Notes* the intention of the Board to continue to consider other possible arrangements for the allocation of the costs of the operations of the Fund, as between those to be charged against the assets of the Fund and those to be shared by the member organizations of the Fund, taking into account the views expressed in the Board and in the Fifth Committee;

5. *Also notes* the issues to be addressed by the Standing Committee of the Board in 1999, in the context of the proposed programme budget for the biennium 2000–2001, in respect of the computer services of the Fund, the enhancement of the role of its Geneva office, the overall staffing structure of the secretariat of the Fund and the need for additional office space;

6. *Welcomes* the measures taken by the secretariat of the Fund to ensure its preparedness in respect of the year 2000 issue in all its aspects, and encourages it to continue its efforts in this regard and to ensure that the new accounting system is fully operational in 1999;

7. *Takes note of* the analysis and conclusions on the respective responsibilities of the Secretary of the Board, as the chief executive officer of the Fund, for the administration of the Fund and those of the Secretary-General for the investments of the Fund, as set out in paragraphs 191 to 193 of the report of the Board;⁶

8. *Also takes note of* the observations and recommendations of the Advisory Committee on Administrative and Budgetary Questions, in paragraphs 25 to 28 of its report,⁷ on the reclassification of the post of the Chief of the Investment Management Service of the Fund from the D-1 to the D-2 level, and on the level and title of the post of the Secretary of the Board;

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9. *Approves:*

(a) The reclassification of the post of the Chief of the Investment Management Service to the D-2 level;

(b) The change in the title of the post of the Secretary of the Board to Chief Executive Officer of the United Nations Joint Staff Pension Fund;

(c) The proposal that the level of remuneration and other conditions of service for the post of Chief Executive Officer of the Fund be set equivalent to those applicable to the Assistant Secretary-General level;

10. *Also approves* the additional resources recommended by the Board, involving additional expenses amounting to 4,161,700 United States dollars net for the biennium 1998–1999, chargeable directly to the Fund for its administration;

11. *Amends* article 7 of the Regulations of the Fund, regarding the post and title of the Secretary of the Board, as recommended by the Advisory Committee on Administrative and Budgetary Questions in paragraph 28 of its report⁷ and set out in the annex to the present resolution;

VI

ENTITLEMENT TO SURVIVORS' BENEFITS FOR SPOUSES AND FORMER SPOUSES

Recalling paragraph 4 of section VIII of its resolution 51/217,

Taking note of the further review undertaken by the United Nations Joint Staff Pension Board of issues related to the pension entitlements of spouses and former spouses, as set out in paragraphs 279 to 317 of its report,⁶

Welcoming the significant actions taken by the Board,

1. *Takes note of* the amendment to rule B.4 of the Administrative Rules of the United Nations Joint Staff Pension Fund made by the Standing Committee of the Board at its 180th meeting, in July 1997, as set out in annex XIV to the report of the United Nations Joint Staff Pension Board,⁶ which entered into effect as from 1 August 1997;

2. *Approves*, with effect from the date of its adoption by the General Assembly, the amendment to article 45 of the Regulations of the Fund to provide for a payment facility in respect of former spouses, as set out in the annex to the present resolution;

3. *Requests* the Board to monitor the experience in implementing the payment facility and to report to the General Assembly, as necessary;

4. *Approves*, with effect from 1 April 1999, the inclusion of a new article in the Regulations of the Fund to provide for a divorced surviving spouse's benefit, subject to conditions regarding eligibility for the benefit and the determination of its amount, as set out in the text of the new article contained in the annex to the present resolution;

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5. *Notes* that the Standing Committee of the Board has been requested to review, at its meeting in 1999, the situation of divorced spouses who would not be covered by the proposed new article for reasons related to its prospective application;

6. *Approves*, with effect from 1 April 1999, the arrangement recommended for the optional purchase of surviving spouses' benefits in respect of marriages after separation from service, in accordance with the provisions of the new article set out in the annex to the present resolution;

7. *Also approves*, with effect from 1 April 1999, the amendments to article 34 to eliminate the current provision which requires discontinuation of a surviving spouse's benefit upon remarriage, as set out in the annex to the present resolution;

8. *Notes* that the Standing Committee of the Board will consider, at its meeting in 1999, whether the change in paragraph 7 above might be extended to surviving spouses who had remarried prior to the effective date of the amendment;

9. *Encourages* the Board to continue its efforts in addressing these issues;

VII

APPLICATION OF THE INTERIM COMMISSION FOR THE INTERNATIONAL TRADE ORGANIZATION FOR WITHDRAWAL FROM MEMBERSHIP IN THE UNITED NATIONS JOINT STAFF PENSION FUND

Having considered the report of the United Nations Joint Staff Pension Board on its forty-ninth (special) session, submitted to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund,⁸ and the related report of the Advisory Committee on Administrative and Budgetary Questions,⁹ on the decision of 16 October 1998 of the General Council of the World Trade Organization and the Executive Committee of the Interim Commission for the International Trade Organization to authorize the Director-General of the World Trade Organization to inform the Fund that the Interim Commission wishes to apply for termination of its membership in the Fund on 31 December 1998, subject to the conclusion of satisfactory transfer arrangements with the Fund,

Regretting the wish of the Interim Commission for the International Trade Organization to apply for termination of its membership in the Fund effective 31 December 1998,

1. *Notes* the wish of the Interim Commission for the International Trade Organization to apply for termination of its membership in the United Nations Joint Staff Pension Fund effective 31 December 1998, in the light of the strong commitment of the General Assembly to preserving the United Nations common system of salaries and allowances;

⁸ *Official Records of the General Assembly, Fifty-third Session, Supplement No. 9*, addendum (A/53/9/Add.1).

⁹ A/53/696.

2. *Also notes* that, in accordance with article 16 of the Regulations of the Fund, the data required for the determination of the proportionate share of the total assets of the Fund payable to the World Trade Organization as at the date of termination, including the relevant actuarial valuations, will not be available at the proposed date of termination;

3. *Further notes* that the United Nations Joint Staff Pension Board, on the basis of the application of the methodology approved by the Board and agreed upon by the Interim Commission for the International Trade Organization, has made a recommendation for the termination of the membership of the Interim Commission for the International Trade Organization in the Fund effective 31 December 1998;

4. *Draws the attention* of the members of the World Trade Organization that a staff member of the Interim Commission for the International Trade Organization ceasing participation in the Fund will have the possibility of electing to receive a benefit from the Fund and, at the same time, accepting an offer of employment in the secretariat of the World Trade Organization;

5. *Decides* to terminate the membership of the Interim Commission for the International Trade Organization in the Fund as at 31 December 1998, upon receipt by the Secretary of the Board of an unconditional written notification from the Director-General of the World Trade Organization to that effect, no later than 15 January 1999;

6. *Decides also* that the termination of the membership of the Interim Commission for the International Trade Organization is subject to receipt by the Secretary of the Board by 31 December 1998 of a written undertaking from the World Trade Organization that it will hold the Fund harmless from any and all claims against the Fund by Interim Commission participants, retirees or beneficiaries, arising from or relating to the termination of the membership of the Interim Commission in the Fund, as set out in paragraph 31 of the report of the Board on its special session;⁸

7. *Decides further* that the proportionate share of the assets of the Fund payable to the World Trade Organization upon the termination of the membership of the Interim Commission for the International Trade Organization shall be determined and remitted in accordance with the procedures set out in paragraphs 25 to 27 of the report of the Board⁸ and that this shall represent a complete and final settlement of the amount payable as a result of the termination of the membership of the Interim Commission in the Fund;

VIII

OTHER MATTERS

1. *Takes note* of the observations of the United Nations Joint Staff Pension Board, as set out in paragraphs 348 and 352 of its report,⁶ on the review and conclusions reached by the International Civil Service Commission on the changes in average tax rates in the seven headquarters countries which formed the basis for the development of the current common scale of staff assessment for pensionable remuneration, and on the impact of the possible use of national tax rates to determine pensionable remuneration for staff in the General Service and related categories;

2. *Notes* that, as requested in section VIII of its resolution 51/217, the Board has continued its consideration of a possible amendment of article 40 (a) of the Regulations of the United Nations Joint Staff

Pension Fund in respect of the re-employment of retirees in receipt of benefits from the Fund under appointments of more than two but less than six months per calendar year;

3. *Concurs* that it would not be desirable to pursue a revision of article 40 (a) of the Regulations of the Fund at the present time, for the reasons set out by the Board in paragraphs 358 to 360 of its report,⁶ leaving it to the member organizations of the Fund to determine their respective personnel policies in this regard, as has been done for the United Nations Secretariat by General Assembly decision 51/408 of 4 November 1996;

4. *Approves*, with effect from the date of adoption by the General Assembly, the amendments to articles 21 (b) and 32 (a) of the Regulations of the Fund, which relate to the time limit for linking periods of contributory service, if no benefit has been paid, as set out in the annex to the present resolution;

5. *Takes note* of the other matters dealt with in section X of the report of the Board;⁶

IX

INVESTMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

1. *Takes note* of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund,² as well as the observations of the United Nations Joint Staff Pension Board thereon in its report;⁶

2. *Expresses its appreciation* to the Secretary-General and to the members of the Investments Committee for the investment performance of the Fund, which contributed significantly to the actuarial surplus of the Fund as at 31 December 1997;

3. *Welcomes* the development of a strategic benchmark for the investment performance of the Fund, as described in paragraph 33 of the report of the Secretary-General² and paragraphs 62 and 63 of the report of the Board;⁶

4. *Supports* the efforts of the Secretary-General to continue consideration of suitable benchmarks and other indicators for assessing the investment performance of the Fund;

5. *Takes note* of the observations of the Board of Auditors on the outstanding tax refunds due to the Fund from some Member States in respect of direct taxes imposed on the investment income of the Fund, as set out in paragraphs 13 to 15 of its report, which is reproduced in annex III to the report of the Board;⁶

6. *Urges* those Member States that have outstanding balances on foreign tax accounts receivable to provide the reimbursement due as quickly as possible;

7. *Reiterates its request* to those Member States that do not grant tax exemptions to make all possible efforts to do so as soon as possible.

93rd plenary meeting
18 December 1998

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ANNEX

Amendments to the Regulations of the United Nations Joint Staff Pension Fund

Article 7

Secretariat of the United Nations Joint Staff Pension Board

1. Replace paragraph (a) with the following:

“(a) The Chief Executive Officer of the Fund and a Deputy shall be appointed by the Secretary-General on the recommendation of the Board.”

2. Replace paragraph (c) with the following:

“(c) The Chief Executive Officer shall perform that function under the authority of the Board and shall certify for payment all benefits properly payable under these Regulations. The Chief Executive Officer shall also serve as Secretary of the Board. In the absence of the Chief Executive Officer of the Fund, the Deputy Chief Executive Officer shall perform these functions.”

Article 21

Participation

Replace paragraph (b) with the following:

“(b) Participation shall cease when the organization by which the participant is employed ceases to be a member organization, or when he or she dies or separates from such member organization, except that participation shall not be deemed to have ceased where a participant resumes contributory service with a member organization within 36 months after separation without a benefit having been paid.”

Article 32

Deferment of payment or choice of benefit

Replace paragraph (a) with the following:

“(a) The payment to a participant of a withdrawal settlement, or the exercise by a participant of a choice among available benefits, or between a form of benefit involving payment in a lump sum and another form, may be deferred at the participant's request for a period of 36 months.”

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Article 34

Widow's benefit

1. Replace paragraph (f) with the following:

"(f) The benefit shall be payable at periodic intervals for life, provided that a benefit payable at an annual rate of less than 200 dollars may be commuted by the widow into a lump sum which is the actuarial equivalent of the benefit at the standard annual rate under (c) above, or the annual rate under (e) above, as the case may be."

2. Replace paragraph (g) with the following:

"(g) The benefit shall, where there is more than one surviving spouse, be divided equally between the spouses, and upon the death of each such spouse shall be equally divided among the remainder."

3. Delete paragraph (h) in its entirety.

Article 35

1. Add the following new article:

"Article 35 bis

"Divorced surviving spouse's benefit

"(a) Any divorced spouse of a participant or former participant, separated on or after 1 April 1999, who was entitled to a retirement, early retirement, deferred retirement or disability benefit, or of a participant who died in service on or after that date, may, subject to the provisions of article 34 (b) (applicable also to widowers), request a former spouse's benefit, if the conditions specified in paragraph (b) below are fulfilled;

"(b) Subject to paragraph (d) below, the divorced spouse is entitled to the benefit set out in paragraph (c) below, payable prospectively following receipt of the request for a divorced surviving spouse's benefit if, in the opinion of the Secretary, all of the following conditions are fulfilled:

- "(i) The participant had been married to the former spouse for a continuous period of at least ten years, during which contributions were paid to the Fund on account of the participant or the participant was awarded a disability benefit under article 33 of the Regulations;
- "(ii) The former spouse had not remarried;
- "(iii) The participant's death occurred within 15 years of the date when the divorce became final, unless the former spouse proves that at the time of death the participant was under a legal obligation to pay maintenance to the former spouse;

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- “(iv) The former spouse has reached the age of 40. Otherwise the benefit entitlement shall commence on the day immediately following the day that age is reached; and
- “(v) Evidence is provided by the former spouse that the participant’s pension entitlement from the Fund was not taken into account in a divorce settlement;

“(c) A former spouse who, in the opinion of the Secretary, has met the conditions set out in paragraph (b) above shall be entitled to the widow’s or widower’s benefit under article 34 or 35 as the case may be; however, if the participant is survived by both one or more such former spouses and/or by a spouse entitled to a benefit under article 34 or 35, the benefit payable under article 34 or 35 shall be divided between the spouse and former spouse(s) in proportion to the duration of their marriages to the participant;

“(d) Article 34 (f) and (g) shall apply *mutatis mutandis*.”

2. Add the following new article:

“Article 35 *ter*

“*Spouses married after separation*

“(a) A former participant receiving a periodic benefit may elect to provide a periodic benefit for life in a specified amount (subject to paragraph (b) below) to a spouse who was not married to him or her at the date of separation. Such election shall be made within 180 days of the date of marriage or of the entry into force of this provision, if later, and shall become effective one year after the date of marriage, or one year after the date of entry into force of this provision, as appropriate. The benefit shall be payable as of the first day of the month following the death of the former participant. When the election becomes effective, the benefit payable to the former participant shall be reduced in accordance with actuarial factors to be determined by the Fund’s Consulting Actuary. An election under this subsection may not be revoked after it becomes effective, except by the death of the spouse, in which case it will be considered terminated as from that date;

“(b) Any election made under paragraph (a) shall be subject to the following:

- “(i) The amount of the periodic benefit payable to the former participant, after reduction owing to elections made pursuant to paragraph (a) above, shall be at least one half of the benefit that would have been payable without any such elections; and
- “(ii) The amount of the benefit payable to the spouse shall not be larger than the amount of the benefit payable to the retired participant after reduction for the elections.”

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*Article 45**Non-assignability of rights*

Replace the text of article 45 with the following:

"A participant or beneficiary may not assign his rights under these Regulations. Notwithstanding the foregoing, the Fund may, upon receipt of a request from a participant or former participant made pursuant to a legal obligation arising from a marital or parental relationship and evidenced by an order of a court or by a settlement agreement incorporated into a divorce or other court order, direct that a portion of a benefit payable by the Fund to such participant for life be paid to one or more former spouses and/or a current spouse from whom the participant or former participant is living apart. Such direction or payment related thereto shall not convey to any person a benefit entitlement from the Fund or (except as provided herein) provide any rights under the Regulations of the Fund to such person or increase the total benefits otherwise payable by the Fund. To be acted upon, a request must be consistent with the Regulations of the Fund. The direction in any such request shall normally be irrevocable; however, a participant or former participant may request, upon satisfactory evidence based on a court order or a provision of a settlement agreement incorporated into a court decree, a new direction that would alter or discontinue the payment or payments. Furthermore, any direction shall cease to have effect following the death of the participant or former participant. If a designee under a direction predeceases the participant or former participant, the payments shall not commence, or if they have commenced, shall cease upon the designee's death. In the event that the payment or payments under a direction have been diminished, discontinued or have failed to commence or have ceased, the amount of benefit payable to the participant or former participant shall be duly adjusted."